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Nebraska Judicial Branch

Case Summary

In the District Court of Douglas County
 The Case ID is CI 18 0005747
 State of Nebraska, v. Goodwill Industrie
 The Honorable W. Russell Bowie, presiding.
 Classification: Miscellaneous Civil
 Filed on 06/26/2018
 This case is Closed as of 06/26/2018
 It was disposed as Stipulation Agreement/Payment

Parties/Attorneys to the Case

Party	Attorney
Plaintiff ACTIVE State of Nebraska, ex rel. 2115 State Capitol Lincoln NE 68509	Meghan E Stoppel P.O. Box 98920 2115 State Capitol Building Lincoln NE 68509 402-471-2683
Plaintiff ACTIVE Douglas J Peterson 2115 State Capitol Lincoln NE 68509	Meghan E Stoppel P.O. Box 98920 2115 State Capitol Building Lincoln NE 68509 402-471-2683
Defendant ACTIVE Goodwill Industries, Inc.	
Defendant ACTIVE Goodwill Specialty Services, Inc.	

Court Costs Information

Incurring By	Account	Date	Amount
Plaintiff	Petition	06/26/2018	\$35.00
Plaintiff	Filing Fee - State	06/26/2018	\$1.00
Plaintiff	Automation Fee	06/26/2018	\$8.00
Plaintiff	NSC Education Fee	06/26/2018	\$1.00
Plaintiff	Dispute Resolution Fee	06/26/2018	\$0.75
Plaintiff	Indigent Defense Fee	06/26/2018	\$3.00
Plaintiff	Uniform Data Analysis Fee	06/26/2018	\$1.00
Plaintiff	J.R.F.	06/26/2018	\$6.00
Plaintiff	Filing Fee-JRF	06/26/2018	\$6.00
Plaintiff	Legal Aid/Services Fund	06/26/2018	\$6.25
Plaintiff	Complete Record	06/26/2018	\$15.00

Financial Activity

No trust money is held by the court
No fee money is held by the court

Payments Made to the Court

Receipt	Type	Date	For	Amount
301823	Electronic Trans	06/26/2018	State of Nebraska, ex	\$83.00
			Petition	\$35.00
			Filing Fee - State	\$1.00
			Automation Fee	\$8.00
			NSC Education Fee	\$1.00
			Dispute Resolution Fee	\$.75
			Indigent Defense Fee	\$3.00
			Uniform Data Analysis	\$1.00
			J.R.F.	\$6.00
			Filing Fee-JRF	\$6.00
			Legal Aid/Services Fun	\$6.25
			Complete Record	\$15.00

Register of Actions

06/26/2018 Settlement Agreement
joint
Image ID 001666956D01

06/26/2018 Judgment
This action initiated by w. Russell Bowie
eNotice Certificate Attached
Image ID 001693053D01

06/26/2018 Complaint-Praecipe
This action initiated by group State of NE & Peterson,Douglas
a1 no praecipe filed
Image ID N18177I8ED01

Judges Notes

06/26/2018
06-26-2018 Bowie
Pursuant to Agreement, signed Final Consent Judgment. Case disposed
of.

IN THE DISTRICT COURT OF DOUGLAS COUNTY, NEBRASKA

STATE OF NEBRASKA, ex rel.)	
DOUGLAS J. PETERSON, ATTORNEY)	CI 18 - _____
GENERAL,)	
)	
Plaintiff,)	
)	
v.)	
)	
GOODWILL INDUSTRIES, INC. and)	
GOODWILL SPECIALTY SERVICES,)	
INC.,)	
)	
Defendants.)	
)	
)	
)	
)	
)	

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

1. Plaintiff, State of Nebraska, ex. rel. Douglas J. Peterson, Attorney General, by and through the undersigned Assistant Attorney General (“Attorney General” or “State”), brings this action against Defendants Goodwill Industries, Inc. and Goodwill Specialty Services, Inc. (hereinafter “Defendants” or “Goodwill Omaha”) for violating the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1901, *et seq.*, the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601, *et seq.*, and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301, *et seq.* (hereinafter “the Acts”).
2. The Attorney General brings this action pursuant to the Acts cited above, his general statutory authority, common law authority, and *parens patriae* authority. The Attorney General has reason to believe Defendants have violated the Acts. The Attorney General also has reason to believe this action is in the public interest to protect charitable assets.
3. Upon information and belief, the State alleges as follows:

JURISDICTION AND VENUE

4. This Court has jurisdiction over the Defendants pursuant to Neb. Rev. Stat. § 21-1930 because Defendants are public benefit corporations incorporated under the laws of the State of Nebraska pursuant to the Nebraska Nonprofit Corporation Act. This Court also has jurisdiction over the Defendants under Neb. Rev. Stat. § 25-536, Neb. Rev. Stat. § 59-1608, and Neb. Rev. Stat. § 87-303.05(1) because Defendants have transacted business within the State of Nebraska at all times relevant to this complaint.
5. Venue for this action properly lies in the District Court of Douglas County, Nebraska, pursuant to the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1901, *et seq.*, the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601, *et seq.*, and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301, *et seq.* because the Defendants are public benefit corporations which transact business in Douglas County, Nebraska, the activities and transactions out of which this action arose occurred in Douglas County, Nebraska, and the Defendants maintain a principal office in Douglas County, Nebraska.
6. Defendants agree to waive notice, to the extent required by Neb. Rev. Stat. § 87-303.03.

PARTIES

7. Plaintiff, State of Nebraska, ex. rel. Douglas J. Peterson, Attorney General, is charged with the enforcement of the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1901, *et seq.*, the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601, *et seq.*, and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301, *et seq.* Pursuant to the Acts, the Attorney General may initiate civil proceedings to enjoin

violations of the Acts and to secure such equitable and other relief as may be appropriate in each case.

8. Defendants Goodwill Industries, Inc. and Goodwill Specialty Services, Inc. are nonprofit and public benefit corporations, licensed to conduct business and in fact conducting business in the State of Nebraska. The corporate address and principal place of business for each Defendant is located in Omaha, Douglas County, in the State of Nebraska.

BACKGROUND AND STATEMENT OF FACTS

9. Defendants Goodwill Industries, Inc. and Goodwill Specialty Services, Inc., collectively known as Goodwill Omaha, operate as a nonprofit franchise of Goodwill Industries International, Inc., with retail store locations in eastern Nebraska and western Iowa. Goodwill Omaha has a nonprofit mission of helping disabled and disadvantaged individuals find employment.
10. Defendants solicited and collect donations of time, money, household goods, and other consumer products from members of the community.
11. Defendants solicited these donations by making representations to the public that donations would be utilized to further Defendants' mission and help the disabled and disadvantaged find employment.
12. In reality, when the public contributed money or donated goods to Defendants, very little of the money was used to further Defendants' mission and help the disabled and disadvantaged find employment. To the extent Defendants ran such programs, those were almost wholly funded by a combination of federal, state, and local grants.
13. Defendants had a long-standing contract with Prestige Products, Inc., an Iowa corporation, to repackage hair rollers. Prestige Products, Inc. delivered boxes of hair

rollers to Defendants, who used their employees and members of their training and rehabilitation programs to repackage those hair rollers for resale.

14. At certain times, the hair rollers received from Prestige Products were manufactured in China and repackaged by Defendants into bags marked "Made in America."

VIOLATIONS OF LAW

COUNT I NEBRASKA NONPROFIT CORPORATION ACT (Neb. Rev. Stat. 21-1901, et seq.)

15. The State re-alleges and incorporates by reference all of the allegations contained in the preceding paragraphs as though fully set forth herein.
16. The Nebraska Nonprofit Corporation Act requires directors of a nonprofit corporation to discharge their duties in good faith and with reasonable care. Neb. Rev. Stat. § 21-1986
17. The Nebraska Nonprofit Corporation Act requires officers of a nonprofit corporation to discharge their duties in good faith and with reasonable care. Neb. Rev. Stat. § 21-1992.
18. The Defendants' directors and officers failed to discharge their duties to the organization in good faith and with reasonable care by:
 - a) paying excessive compensation to the organization's executives, at the expense of Defendants' mission;
 - b) failing to maintain effective oversight of the organization;
 - c) failing to keep the organization appropriately focused on its mission;
 - d) failing to maintain effective oversight of the organization's executives and managers, by failing to prevent them from engaging in dishonest, deceptive, and unethical activities;
 - e) failing to maintain effective oversight of the organization's finances.

19. Each and every failure by an officer or director as outlined above constitutes a violation of Neb. Rev. Stat. § 21-1986 and § 21-1992.

COUNT II
NEBRASKA CONSUMER PROTECTION ACT
(Neb. Rev. Stat. 59-1601, et seq.)

20. The State re-alleges and incorporates by reference all of the allegations contained in the preceding paragraphs as though fully set forth herein.
21. The Consumer Protection Act, Neb. Rev. Stat. § 59-1602, prohibits unfair or deceptive acts or practices in the conduct of any trade or commerce.
22. The Defendants engaged in unfair and deceptive trade practices, in violation of the Consumer Protection Act, by making representations, express and implied, concerning how donations would be used, that had the capacity, tendency or effect, of misleading consumers.
23. Each and every misrepresentation constitutes a violation of Neb. Rev. Stat. § 59-1602.

COUNT III
UNIFORM DECEPTIVE TRADE PRACTICES ACT
(Neb. Rev. Stat. 87-301, et seq.)

24. The State re-alleges and incorporates by reference all of the allegations contained in the preceding paragraphs as though fully set forth herein.
25. The Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-302(4), prohibits the use of deceptive representations or designations of geographic origin in connection with goods or services.
26. The Defendants violated the Uniform Deceptive Trade Practices Act by repackaging hair rollers manufactured in China into packaging labeled “Made in America.”

27. Each and every product repackaged by the Defendants which misrepresents the product's place of manufacture constitutes a violation of Neb. Rev. Stat. § 87-302(4).


PRAYER FOR RELIEF

WHEREFORE, Plaintiff, State of Nebraska, respectfully requests that this Court:

- A. Permanently enjoin and restrain Defendants, their agents, employees, and all other persons and entities, corporate or otherwise, in active concert or participation with any of them, from engaging in activities which violate the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1901, *et seq.*, the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601, *et seq.*, and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301, *et seq.*
- B. Grant Plaintiff such other and further relief as the Court deems equitable and proper.

Respectfully submitted this 26th day of June, 2018.

BY: Douglas J. Peterson, No. #18146
Attorney General of Nebraska

BY: 
Meghan E. Stoppel, #26290
Assistant Attorney General
Office of the Nebraska Attorney General
2115 State Capitol
Lincoln, NE 68509-8920
Tel: (402) 471-2811
Fax: (402) 471-2957
meghan.stoppel@nebraska.gov
Counsel for Plaintiff



IN THE DISTRICT COURT OF DOUGLAS COUNTY, NEBRASKA

STATE OF NEBRASKA, ex rel.)	
DOUGLAS J. PETERSON, ATTORNEY)	CI 18 -5747
GENERAL,)	
)	
Plaintiff,)	
)	
v.)	
)	
GOODWILL INDUSTRIES, INC. and)	
GOODWILL SPECIALTY SERVICES,)	
INC.,)	
)	
Defendants.)	
)	
)	
)	
)	
)	

#6 FILED
 IN DISTRICT COURT
 DOUGLAS COUNTY NEBRASKA
 JUN 26 2018
 JOHN M. FRIEND
 CLERK DISTRICT COURT

FINAL CONSENT JUDGMENT

NOW, this matter is before the Court on the Parties' Agreement to Entry of Final Consent Judgment ("Agreement"). The Parties, as defined in the Agreement, include Plaintiff, the State of Nebraska, ex. rel Douglas J. Peterson, Attorney General, and Defendants Goodwill Industries, Inc. and Goodwill Specialty Services, Inc. The Plaintiff is represented by Assistant Attorney General Meghan E. Stoppel. Defendants are represented by Patrick Barrett of Fraser Stryker PC LLO.

The Court has reviewed the Agreement and concludes good cause has been shown to enter this Final Consent Judgment approving the Agreement.

Pursuant to the terms of the Agreement, the Consumer Protection Act, Neb. Rev. Stat. § 59-1601 *et seq.*, the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301 *et seq.*, and the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1901 *et seq.*, Defendants shall be enjoined and restrained from directly or indirectly engaging in the prohibited practices set

forth in the Agreement and further ordered to satisfy the affirmative requirements set forth in said Agreement.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the Agreement, executed as of June 26, 2018, by and between the State of Nebraska, ex rel. Douglas J. Peterson, Attorney General, and Goodwill Industries, Inc. and Goodwill Specialty Services, Inc., is hereby approved.

DATED this ____ day of _____ 2018.

BY THE COURT:


Douglas County District Court Judge

Prepared and submitted by:

Meghan E. Stoppel, #26290
Assistant Attorney General
Office of the Nebraska Attorney General
2115 State Capitol
Lincoln, NE 68509-8920
Tel: (402) 471-2811
Fax: (402) 471-2957
meghan.stoppel@nebraska.gov
Counsel for Plaintiff

CERTIFICATE OF SERVICE

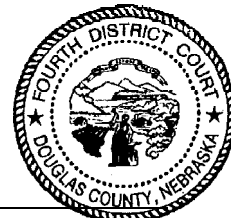
I, the undersigned, certify that on June 26, 2018 , I served a copy of the foregoing document upon the following persons at the addresses given, by mailing by United States Mail, postage prepaid, or via E-mail:

Meghan E Stoppel
Meghan.Stoppel@nebraska.gov

Date: June 26, 2018

BY THE COURT:

John M. Friend
CLERK



IN THE DISTRICT COURT OF DOUGLAS COUNTY, NEBRASKA

STATE OF NEBRASKA, ex rel.
DOUGLAS J. PETERSON, ATTORNEY
GENERAL,

Plaintiff,

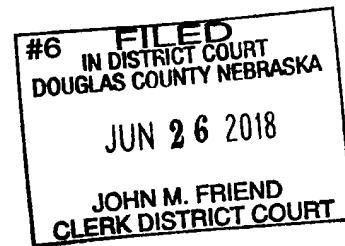
v.

GOODWILL INDUSTRIES, INC. and
GOODWILL SPECIALTY SERVICES,
INC.,

Defendants.

CI 18 - 5747

AGREEMENT TO ENTRY OF FINAL
CONSENT JUDGMENT



AGREEMENT TO ENTRY OF FINAL CONSENT JUDGMENT

The State of Nebraska, by Douglas J. Peterson, Nebraska Attorney General, by and through the undersigned counsel (hereinafter "Plaintiff" or "State") has filed a Complaint against Defendants Goodwill Industries, Inc. and Goodwill Specialty Services, Inc. requesting an injunction and other relief in this matter pursuant to the Nebraska Nonprofit Corporation Act, § 21-1902 et seq., the Consumer Protection Act, Neb. Rev. Stat. § 59-1601 et seq. (hereinafter "CPA"), and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301 et seq. (hereinafter "UDTPA") alleging Goodwill Industries, Inc. and Goodwill Specialty Services, Inc. committed violations of the aforementioned Acts in connection with their operation of those organizations and the offer and sale of retail products to consumers in Nebraska.



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